

APPROVED 09/19/2007

PRESENT: Charles Kimball, Peg Pinkham, Mike Nygren, Andy Kohlhofer, Donald Gates Jr, Doug McElroy; members of the Public Keith Stanton, Peter Bearse and Neil Rowland. Stanton videotaped and Rowland voice recorded the meeting.

The meeting was called to order at 7:03 pm by Chairman Charles Kimball in the meeting room on the main floor of the Town Hall.

Carlson handed out copies of the end of July 2007 full budget report and a corresponding "short sheet" showing the percentages spent through 07/31/07 to correspond with the full report as well as an up to date short sheet with percentages spent through 08/09/07.

As a point of order, there was discussion about appointing a member to fill the vacancy created by the resignation of Kevin Zukas. Carlson indicated that Peter Bearse (present this evening) had been the only resident to express interest in writing for the position (see note in minutes file).

Bearse said that he was an economist by training and trade and has served in another state positions. He said he is currently involved with the cable committee in Fremont and has previously served on city and town councils in other states, and has been involved in local budget making and planning.

Charles Kimball nominated Peter Bearse to fill the vacancy. An appointment form will be prepared after the affirmative vote by the Committee, for Kimball to sign and forward to the Town Clerk. Bearse was advised that he will have to be sworn in by the Town Clerk during her business hours.

Bearse thanked the Committee, came up to the table and was provided with copies of the budgets being discussed. Other members of the Committee were introduced around the table.

Members began reviewing the town information that had been circulated.

Pinkham said that she did not have ending School District information as the Finance Administrator Annmarie Scribner thought the meeting was August 23 instead of this evening. Pinkham said that Scribner would have them completed and mailed out prior to the next Budget Committee meeting, and said that if the Committee wanted to meet sooner (just to review school information) that would also be fine.

Pinkham asked for an early submission of any requests on how the school district budget should be prepared for the Budget Committee review. She added that she believes the format last year seemed to work well and the District is trying to continue to make those worksheets better/easier to use. She said that the sooner they can have any updates, changes, or information the Budget Committee wants, the better the process can be.

With regard to the Town Budget:

There was discussion about weather emergencies and the expenses and the revenue returned from the State and Federal Governments. Currently the reimbursement from FEMA is 75% and if there is State funding, another 12.5% may be reimbursed by the State of NH. Expenses are logged separately as there is generally nothing budgeted for a large-scale emergency.

There was considerable discussion about the General Assistance budget. Carlson explained some of the guidelines and that many of the issues seen in Fremont (and all other communities) are a direct result of reduced or negative funding by other state and federal programs.

There was a discussion about the budget categories that had percentages that were less or more than the 58 and 61.5% for the period through expenditure.

There was discussion about yield tax and about current use.

Nygren indicated that 65% of the land in Fremont is in current use; and there was a lengthy discussion about current use, categories, and permitted uses within, as well as how certain categories were taxed and whether or not “highest and best use” factored in depending on actual use of the land.

Specifically, Nygren asked if current use land that is “making money” is taxed differently than land that is not making money, citing examples like timbering, renting it, haying it and selling the hay. Carlson answered a few of the questions but will speak further with the assessors about the categories and how it is taxed. For the most part, Carlson believed that the acreage values were multipliers and so long as the use was within the Current Use Statute and Administrative Rules, that they were not taxed any differently than that per acre value established by the Current Use Board.

There was a discussion about the way state aid is allocated as Nygren indicated that he thought Fremont had approximately the same land base and same populous as Danville, but that they (Danville) get \$2,000,000 more in State Aid.

Danville is in the Timberlane School District, but Pinkham only knew of those allocations being based on school lunches, and said she would look into this further if Fremont should be getting additional monies (or may be eligible for additional).

Carlson explained in response to a question that most of the social services agency payments are one-time payments. A letter requesting disbursement of the funds must be received by the agency, and they are paid out by the town as cash flow permits.

Kohlhofer offered a point of order regarding the May 14th minutes and their acceptance.

Pinkham wants to look at the current process of what is the Budget Committee’s role and process, in response to some of the questions about taxation and the total assessed valuation of the Town.

Carlson offered that the total assessed valuation of the town is really ½ of the formula of the annual tax rate, and the budgets for the town, school district, state education, and county are the other half, with some other variables such as overlay, exemptions and credits also factored in.

Pinkham then indicated she felt the role of the Budget Committee was to define and review the budgets put forth the Committee recommendation, to understand the budgets, to understand the limits of each individual member, looking at what each stage of the process needs/wants in the budget (teachers, administration, School Board); considering the State and Federal regulations on what we need to provide, taking all this into consideration and making decisions based on that.

She said she thinks this is the Budget Committee’s role, and questioning how we tax is good to get an understanding, but perhaps not necessary for this budgetary process.

Kohlhofer read from NH RSA **32:16 Duties and Authority of the Budget Committee**. (Full text reprinted here as information).

In any town which has adopted the provisions of this subdivision, the budget committee shall have the following duties and responsibilities:

I. To prepare the budget as provided in RSA 32:5, and if authorized under RSA 40:14-b, a default budget under RSA 40:13, IX(b) for submission to each annual or special meeting of the voters of the municipality, and, if the municipality is a town, the budgets of any school district or village district wholly within the town, unless the warrant for such meeting does not propose any appropriation.

II. To confer with the governing body or bodies and with other officers, department heads and other officials, relative to estimated costs, revenues anticipated, and services performed to the extent deemed necessary by the budget committee. It shall be the duty of all such officers and other persons to furnish such pertinent information to the budget committee.

III. To conduct the public hearings required under RSA 32:5, I.

IV. To forward copies of the final budgets to the clerk or clerks, as required by RSA 32:5, VI, and, in addition, to deliver 2 copies of such budgets and recommendations upon special warrant articles to the respective governing body or bodies at least 20 days before the date set for the annual or special meeting, to be posted with the warrant.

Kimball added that the Committee sets the recommended budget for all departments (municipal and school) and that goes to the voting public who can take the “advice” (recommendation) of the Budget Committee or the Board who submitted it, but cannot go over the 10% as outlined in statute.

The September Budget & Finance annual workshop informational flyer was handed out to all members. Kimball explained the workshop and encouraged anyone who was interested to register as soon as possible. Carlson indicated that if anyone attends they can submit their cancelled check or a receipt for reimbursement from the training line.

Kimball said the Annual Meetings give (vote) the governing body the bottom line of the budget and the Selectmen or School Board (as governing bodies) must spend within it. There was discussion about how to make recommendations and the bottom line recommendation/voting by the Town/School District Meeting body.

McElroy added that he felt the Committee was a check and balance on the budgeting process.

Bearse asked when the capital budget comes into the process.

Several members explained their thoughts on this, including that there is ongoing capital improvements that are fed into the budget. There was discussion about school capital expenses that would likely be a bond issue.

Members also said that monies set aside in capital reserve for the larger expenses, creating some balance in the annual expenditures for some capital items.

Bearse asked how these filtered in to the expenditure spreadsheet. Pinkham said the School District capital expenses are done less in capital reserves and that the School Board would look at bringing forth a bond issue.

Bearse asked about a “rainy day fund.” Such funds are really not permissible and that the Town had a town trust fund for general government building repair and maintenance only, which currently has \$20,000 in it for solely that purpose.

McElroy asked if it would save the district money if they set aside money in capital reserve annually versus bonding a large capital outlay. Pinkham thought that massive amounts of money would be needed annually to do that for a school district, given the cost of such improvements.

Bearse discussed the bond rating for the Town and how that may be affected.

Pinkham said that Fremont voters for many years have been very supportive of the education system for the Town, and that the major improvements have been built to get up to date and handle current issues versus looking toward the future.

There is not currently a capital reserve fund for a school building.

Pinkham will inquire about the estimated % of money that could be saved by setting up a capital reserve fund for school capital expenditures.

For items like the police cruiser, the capital reserve fund has balanced the expenditure over time as it is funded at \$10,000 annually (generally) and a cruiser is purchased every second year. Therefore the expense is the same annually even though the purchase is made bi-annually.

Kohlhofer asked about wages for another welfare director, and Carlson said that if a second person can be trained to do the intake process, that they would work within the wage budget line already set aside for that purpose. It is currently budgeted at \$2,500 annually and paid out on an hourly basis.

Carlson explained the case numbering for general assistance and how the budget is estimated annually.

Questions were asked about the Library and the cookie jar for fines. Carlson explained that the library petty cash fund is separate from their annual appropriation from the Town. The town's auditor has asked that all library funds be reported separately in the Town Report. Libraries are an exception by statute to how the municipal budget law works.

Gates questioned whether it would be possible to do monthly trending reports for all departments to look at trends annually over time. Carlson stated this can be done in general, but this year couldn't be pinpointed for some of the months that were combined in the general ledger. Monthly expenses for both the Town and School District are necessary to work on borrowing needs by the Treasurer.

Pinkham said that it is pretty systematic at the School level. The Town Treasurer is trying to obtain this information from the District for borrowing needs.

Nygren questioned the Fire department points and if they could be paid on a monthly basis instead of annually. Carlson answered that it would be possible, but the current plan is designed to be done on an annual basis. The points are accumulated and at year end, the total number of points is divided into the pool of money budgeted.

The Plan was designed to be done that way so that a set sum of money could be appropriated. If paid monthly, a dollar value would have to be assigned differently, and would have to be budgeted in a different fashion.

Kohlhofer asked about the new office space for the School District. Pinkham said this was for the SAU and that the Superintendent and Finance Administrator and their assistant have moved to Black Rocks Village on Hall Road. It was clarified that the SAU Office had moved there and not any school principals.

or administrative staff. Pinkham said that there was a real space crisis and this allowed for additional space at Ellis School. Previously the SAU staff had been in “closet” type areas.

Pinkham said that the money for this move was not in the budget that was submitted, and Kohlhofer questioned where that money had been reallocated from within their line allocations.

Kohlhofer asked for them to come in and explain where that money came from, using the \$35,000 figure as the cost of the relocation (rent, etc).

Pinkham explained that part of the money was in the budget, built in with equipment. Kohlhofer asked for the SAU people to come in and explain this. Pinkham said that the \$35,000 number includes rent and utilities. She was unsure what the square footage of the rented space is, but said that she believed it cost about \$15 less per square foot than commercial space in Manchester and Bedford.

Bearse added that it was a brand new building they are in and it is good to see it was being used. Pinkham said that at the last School Board meeting there was a lot of people using the upstairs room at the building for another commercial use.

Kohlhofer asked if the School Committee is coming up with another plan now that the cooperative has been rejected. Pinkham said that she would address it as a citizen, but could not speak for the School Board.

She said that what had been in the paper recently reflected that the current group that had met to look at a cooperative venture had indicated they are at an impasse (the Kingston members). Pinkham said that does not mean it is off the table. Pinkham said that the Kingston School Board has met with the Fremont School Board and they are still interested in looking at a cooperative, with both school boards are still looking at a cooperative. Pinkham said it is a dynamic that is constantly changing.

Pinkham said she has been told that Epping is looking at the potential of space availability coming up and that Kingston, based on this Committee’s understanding, is not feeling a strong need for a middle school building, but Fremont is.

Pinkham said the School Board is always going to look at alternatives to make decisions based on what the need is for Fremont. She said she does not want anyone to think it is a dead issue, but that is not set as yet.

There was discussion about the alternatives to a cooperative high school, and that instead of the whole school as a cooperative, why wouldn’t you just look at cooperative high school.

Pinkham said that if we buy in and then join the cooperative that the percentage of buy in money is reduced. There was discussion about the cooperative / tuition effort now versus in the future toward having our own school.

Pinkham said that she thought Fremont bought into this as well because of the educational opportunity, and that it was not only about cost.

Public attendee Keith Stanton asked if the contract was actually a 23 year contract given that the children in school in the 20th year would be allowed to finish. Pinkham said that in the last year of the contract it would still include those children as the contract says that we will pay to keep students there until they graduate.

Pinkham said she wished that more people would come forward and participate in the process and offer their thought and ideas. She said she is only representing her take on it as a member of the public, having attended the meetings, and that she is not authorized to speak on behalf of the School Board.

Kohlhofer said he thinks that the high school is a huge issue for the community and that it would help stabilize the populations and look toward the future.

Bearse asked if the negotiation is over for the cooperative effort and it was answered that it is not until Committees are disbanded. Pinkham said that the Sanborn School Board has asked the Fremont School Board to look at the Cooperative Study Committee makeup and encourage the continuance of the cooperative study committee.

Kohlhofer moved to ask the School Board to go to the Cooperative Committee and ask them to reopen negotiations. Gates seconded it. Discussion continued.

Bearse suggested, based on the recent reporting, that Fremont is being treated as a “weak sister” but the 20 year contract is a strong item. Pinkham said the Fremont cooperative team took a strong negotiating position and that is one reason for the impasse.

There was further discussion about the Budget Committee’s role in this and that perhaps the Committee should not go back to tell them they recommend one concept or the other, but to encourage continued negotiations. Nygren said that it was likely the School Board wanted to keep negotiating and that they would move head. It was thought that the School Board may be best apt to review the situation. There was thought that we need to look at education and also look out for the taxpayers who are funding the options. The final thought being that until we know exactly how much it would cost we should not recommend one option or another.

Kohlhofer said that he was not recommending anything but indicated this is going to be the largest expenditure the community sees. If they come back with an agreement that doesn’t make sense the committee would not likely recommend it.

Pinkham said the Moderator appointed the cooperative study committee members and the Committee does not report to the School Board. Everyone on the committee (both towns) is looking out for the needs of their individual community.

There was some sense that we need to remove the emotion from it, and look at the economics. The methodology could be the issue, how it was approached, perhaps the individuals involved were fine. Both communities should keep looking at it.

Pinkham said that the Fremont Cooperative Committee is free to talk with any other town or cooperative group who has a formed cooperative study committee. Currently there are no other towns who have a formed cooperative committee aside from Kingston.

It was brought back to the table that a vote was needed on Kohlhofer’s initial motion. Nygren and McElroy voted in the negative; Gates, Kohlhofer, and Pinkham in the affirmative. The motion carried for the Budget Committee to recommend that the School Board go to the Cooperative Committee and ask them to reopen negotiations.

With regard to the minutes of May 14, 2007 Kohlhofer moved to approve them. Gates seconded and the vote was approved.

To clarify earlier discussions, the Budget Committee is not looking for the Fremont Cooperative Study Committee to come in right now to meet with the Budget Committee.

At the conclusion of the meeting, Kimball signed an appointment form for Bearse by vote of the Committee.

The calendar for September was consulted to come up with the next meeting date for review of the final 2006-2007 school budget.

Meetings were set on Wednesday evenings at 7:00 pm as follows:

September 19
October 17, 24, 31
November 7, 14, 28
December 5

Bearse questioned whether the committee was interested in looking at comparisons to other communities similar to Fremont. This led to a discussion on how to make comparisons.

Pinkham said she was expecting year end on August 20th and will bring it to the Budget Committee for the next meeting after that, following the School Board's review of the year end information.

It was pointed out that the Cooperative Committee reports are public documents.

Pinkham said the next School Board meeting is Tuesday August 21, 2007. The public session is at 7:00 pm if anyone wants to participate.

With no further business to come before the Committee, motion was made by Kohlhofer and seconded by Gates to adjourn the meeting at 8:54 pm. The vote was unanimously approved.

Respectfully submitted,

Heidi Carlson
Town Administrator